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25 March 1959

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# CENTRAL INTELLIGENCE BULLETIN



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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

NO  
USSR: Soviet propagandists are claiming that President Eisenhower and Prime Minister Macmillan have, under the pressure of world opinion, at last accepted the Soviet proposal for a summit meeting. Moscow is also stressing alleged differences between American and British views and has credited Macmillan with having persuaded the President to agree to summit talks not dependent on the outcome of a prior foreign ministers' conference. Soviet propaganda says, however, that the two leaders offered no new proposals on Berlin or on measures to reduce international tension, such as military disengagement in Europe.

#### II. ASIA-AFRICA

NO  
Iraq: The Qasim regime's announcement of withdrawal from the Baghdad Pact, although a long-expected development, is likely to be interpreted in Iraq and the UAR as a concession to Communist demands that this step could no longer wait. The

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announcement as such will have little practical effect, since Iraq has not participated in any pact activities since the July revolution. Other and more significant Communist demands include arming the Popular Resistance Force and the execution of imprisoned leaders of the Nuri government.

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[REDACTED]

[REDACTED]

OK  
Morocco - Communist China: Four Chinese Communist officials arrived in Morocco on 23 March to set up an embassy. Agreement has been granted for an ambassador who may arrive to inaugurate the Chinese Communist pavilion at the Casablanca International Fair next month. This would be the first Chinese Communist ambassador in Africa except for the one at Cairo.

[REDACTED]

NO  
Burma: [The Ne Win government, already following a strongly anti-Communist policy internally, wishes to adopt a more openly pro-Western posture in international affairs,]

[REDACTED]

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[redacted] Ne Win, however, is said to be reluctant to make this change without a "concrete indication" the United States will provide Burma with grant aid as a means of justifying this course in the eyes of the Burmese people. [redacted]

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OK  
Indonesia: Dissident troops in Sumatra are continuing destructive attacks against American-owned rubber estates. The Goodyear Wingfoot estate south of Medan, the largest rubber estate in Sumatra, has suffered considerable property damage in three raids this year, the most recent occurring on 20 March. Attacks on other foreign-owned estates, including US Rubber, have also been carried out, presumably in an attempt to deny their revenues to the central government. [redacted]

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### III. THE WEST

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Cyprus: A Turkish Cypriot economic boycott against the Greek Cypriots, enforced by intimidation, is causing new strains in communal relations on the island. The boycott is designed, according to the Turks, to build up the economic status of their community. Greek Cypriot retaliation, which is likely to occur, would further embitter relations. [redacted]

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#### IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions were to be used in context with SNIE 100-2-59 (24 February 1959) and with the review of that estimate in SNIE 100-2/1-59 (17 March 1959):

1. The USSR will not turn over access controls to the GDR in the near future. However, the USSR continues to carry out measures necessary to a withdrawal of its forces from East Berlin, and the physical transfer of access controls could be accomplished with little or no advance warning.
2. A strong effort to play down the appearance of an ultimatum in the Soviet position on Berlin and to emphasize the prospects for negotiations has been increasingly evident in Soviet and East German statements and propaganda since Khrushchev's German visit. This may reflect a Soviet conclusion that the prospects for improving the USSR's position through negotiations have increased.
3. There are no reliable indications of a bloc intent in the near future to harass or blockade Allied or West German access to West Berlin, or to seal off West Berlin from the East. However, the USSR could take such actions with little or no warning.

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5. The situation in West Berlin remains basically unchanged.

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Communist China Establishes Embassy in Morocco

Four Chinese Communist officials arrived in Casablanca on 23 March to establish an embassy in Rabat in accordance with an intergovernmental agreement announced on 31 October. Last month King Mohamed V granted agreement for Pai Jen, who has been an assistant to the Chinese Communist minister of foreign trade and was appointed as Peiping's first ambassador to Morocco on 19 February. Pai, who may be a Chinese Moslem, probably will arrive in time to inaugurate the Chinese Communist pavilion at the Casablanca International Fair opening on 24 April.

Moroccans have been intensely interested in China's economic and social development, and the observations of various Moroccans who have visited China since 1956 have been widely publicized. A \$24,300,000 trade agreement signed on 27 October is the second between Morocco and Communist China but is the first providing for balanced trade. Morocco expects to offset its purchases of green tea with exports of canned goods and raw and processed phosphates.

Rabat may delay the establishment of an embassy in Peiping, both because of the expense involved and because of a shortage of trained diplomatic personnel.

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Burma Reportedly Considering More Open Alignment With West

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[The Burmese Government desires to change its foreign policy from neutralism to a more openly anti-Communist position,

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[redacted] the government is reluctant to take such action without a concrete indication that it will receive grant aid from the US as a means of justifying this policy switch to the Burmese people.]

[Ne Win has sent U Law Yone, the editor of the influential Rangoon daily Nation, to Washington as his "personal emissary," probably to obtain such an assurance and to pave the way for subsequent formal requests for funds. In contrast to his predecessor U Nu, Ne Win is opposed to additional loan assistance as constituting too heavy a budgetary strain on the government.]

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[Ne Win and his military followers have the domestic power and prestige to alter Burma's international course.]

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Indonesian Dissidents Continue Attacks on American-owned Rubber Estates

A group of 50 armed rebels attacked the Goodyear Wingfoot estate south of Medan on 20 March, beat several of the company personnel, and caused considerable property damage. Estate guards failed to challenge the rebels, and a call to nearby army troops for assistance was unanswered.

Wingfoot, the largest rubber estate in Sumatra, has been attacked about once a month during the past year. The local Indonesian Army commander recently proposed replacement of the estate guards at Wingfoot with regular army troops for one year if Goodyear will bear the expense. The proposal envisages regular pay by Wingfoot for the soldiers as well as a bonus scheme if and when production increases as dissidence decreases.

Other foreign-owned estates have been subjected to similar attacks. The latest attack on the US Rubber Company estate occurred on 24 February when a large rebel force burned laborers' houses and threatened the workers with physical harm if they continued to live or work on the estate. An attack on a British-managed estate on 1 March involved the first instance of violence against a European. This particular attack resulted in the management's closing of the estate, the third such closure in the immediate area.

The dissidents' aim is obstruction or even paralysis of production in this region--the most important estate area in Indonesia--and the resultant reduction of government revenues.

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New Tensions Developing Between Greek and Turkish Cypriots

A Turkish Cypriot boycott of Greek Cypriot business establishments is causing new strains between the two ethnic groups. Turkish Cypriot leaders say the widespread boycott is designed to strengthen the economic status of the Turkish minority to a point where they will no longer be "the serfs of Greeks." This statement is indicative of Turkish sensitivity to the Greek Cypriots' generally higher standard of living. Turkish Cypriot leaders have further embittered relations by publicly proclaiming that the ultimate guarantee of their status depends on the strength of the Turkish troops stationed on Cyprus.

If the Turks continue their boycott, the Greek community will probably seek economic retaliation. Economic warfare between the two communities would seriously endanger the orderly transition to independence.

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